

Complaints Process and Case Studies

2016 TDI Compliance Conference

★ Auto complaint

Regulator focus: How are payments for loss of use, total loss, and repair costs determined?

- Example: If complaint concerns a dispute about the amount paid for loss of use, company should include detailed reasoning and calculations demonstrating how it determined the amount owed for loss of use, whether vehicle is being repaired and number of days to repair or whether vehicle was a total loss.
- Example: If complaint concerns a dispute about the amount offered for the value of a totaled vehicle, the company should provide documentation of market survey conducted that supports the amount offered. Also include details about any deductions applied. If a question concerns salvage value, company should provide detailed calculations showing how it determined the salvage value.
- Example: If complaint concerns a dispute about the amount paid for repairs, company should explain calculations and all factors considered in determining the cost to repair and include a copy of the estimate that supports the amount offered.

★ Health insurance complaint

Regulator focus: Are claims handled timely and paid correctly?

- Example: For complaints involving contracted providers, if the complaint is that the company delayed payment, company response should include details demonstrating compliance with provider prompt payment statutes (date claim received, date of service, amount billed, amount paid, date paid, if audited). If complaint concerns a dispute about the amount paid, company response should include details about how the amount was calculated and documentation evidencing the company paid the contracted rate, amount included in the fee schedule, or an agreed amount, and if penalties were paid. When the complaint involves multiple patients, please provide the information in a spreadsheet.
- Example: For complaints involving non-contracted providers, if claim is for emergency services and complaint concerns how the claim is paid, company should describe its method of payment and explain in detail how its method of payment complies with applicable statute to include statutory language. If non-contracted provider services are provided because services were not available in network under a PPO plan, company should explain in detail that it paid based on usual and customary of billed charges. It is helpful to cite statutes and rules that apply and demonstrate compliance in every instance.

★ Life insurance complaint

Regulator focus: Policy replacements and suitability of annuity contracts; misrepresentation by agents or companies; explanation of rate increase consistent with policy form, statutes, and rules

- Example: If complaint is about the replacement of a policy, and the policy was sold by an agent, the company should provide a detailed response that includes documentation

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evidencing that the agent provided proper notice regarding the replacement, including a copy of the notice and sales material and any illustrations related to the policy or contract purchased as required by TIC Section 1114.

- Example: If complaint concerns whether the exchange or replacement of an annuity contract is suitable, the company should provide a detailed response, including steps taken under TIC Section 1115.051 to ensure the recommendation of the purchase or transaction is suitable, including evidence that the insured was informed about various features such as surrender charges, tax implications, etc.
- Example: If complaint concerns a premium rate increase, the company should provide inforce illustrations prior to the rate increase and after the premium rate increase, the policy form number, a letter with the details of the premium rate increase as required by TIC Section 541.057(1), and a detailed reason why the company is increasing rates, for example, a key actuarial assumption such as lapse, mortality, expenses, or interest rate, or a combination of two or more of these factors.

★ Homeowners complaint

Regulator focus: Are claims for replacement cost properly handled for damage to dwelling and loss of contents? Are claims paid timely?

- Example: If complaint concerns how replacement cost was determined, company should provide a detailed response outlining its payment, including detailed calculations that address the specific discrepancy referenced in the complaint.
- Example: If complaint concerns the actual cash value amount paid up front for contents in a situation where the insured is not replacing personal property and the insured says all property was not included, the company should provide a copy of the inventory list showing the replacement cost, depreciation percentage or amount, and the actual cash value amount paid for each item.
- Example: If complaint concerns delayed payment of a claim, company should include the dates the claim was received, acknowledged, accepted or rejected, paid, and any other applicable steps involved that show compliance with TIC Section 542.055 – 542.060. If interest is owed, indicate interest was paid and the amount.

Best practices for Company Responses

- Provide a narrative that addresses each issue presented in the complaint.
- Include the policy form number and pertinent policy language in the narrative response; please do not send the policy.
- Provide a timeline of actions taken to address the policyholder's claim issues.
- Provide dates and amounts of payments issued.
- Include the Problem Report ID (TDI file number) on all correspondence.
- Send a maximum of 50 pages by fax or email.
- Fax or email the response; please do not send both ways.
- Do not send the entire claim file, photos, and estimates.

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- Do not send medical records.
- Do send additional documentation requested by the insurance specialist.
- Send additional documentation of more than 50 pages via USPS.

FY 2015 Complaints by Coverage Type

